

Documentation to Substantiate Benny Card Purchases

There are times when a member may use the debit card to purchase FSA eligible items or services and additional documentation will be required to substantiate the transaction, in accordance with IRS Regulations. When follow up documentation, or a statement of services is required, ASIFlex will send the member an e-mail or letter requesting this documentation. The requested information should include the following information: name of provider, name of member (or member's spouse or dependent), date the service was provided, brief description of the service(s) provided, and the amount that was the responsibility of the member.

ASIFlex will send the initial request for follow up documentation within a few days after the debit card transaction. Should the member not comply with the request, ASIFlex will make a second request in approximately three weeks. Should the member not comply with the second request, a third notice will be sent to the member stating that the debit card has been "suspended" because the requested documentation was not received by ASIFlex.

When a member uses the debit card for a transaction requiring documentation, those dollars are identified as "overpaid" within the member's FSA account until the transaction is substantiated. If the member submits a manual claim before the debit card transaction is substantiated, the dollars associated with the manual claim will be used to offset the overpaid dollars from the debit card transaction. This will prevent the manual claim from being reimbursed in part, or in full, depending upon the dollar amount of the manual claim. Once the debit card transaction is substantiated, the manual claim used to offset the debit card transaction will be reimbursed in full. See the following examples for further explanation:

Example 1: Lisa pays her eye doctor \$250 for contacts using her debit card. ASIFlex sends Lisa a notice asking for follow-up documentation for the \$250 purchase. Prior to submitting the detailed statement from her eye doctor, Lisa submits a manual claim to ASIFlex for a \$100 prescription which she paid for out-of-pocket. ASIFlex will process the \$100 claim but no payment will be issued that day. Instead, the amount of the manual claim will be used to offset the debit card transaction. This will result in ASIFlex showing Lisa's' overpaid amount reduced from \$250 to \$150. Two weeks later Lisa submits the follow up documentation for the debit card transaction used to purchase the contacts to ASIFlex. ASIFlex will then process the supporting documentation for \$250 and Lisa will be issued a payment of \$100 for her manual prescription claim.

Example 2: John goes to the dentist and pays \$200 for a root canal with his debit card. He then receives a notice from ASIFlex requesting follow up documentation. John submits the statement of services from his dentist along with the notice received from ASIFlex. ASIFlex reviews and processes the follow up documentation to substantiate the claim. John's FSA account will no longer be showing as "overpaid" since all follow up documentation was submitted.

If the member is unable to provide documentation for a debit card transaction in question, he/she may submit expenses incurred out-of-pocket to offset the debit card transaction. The expenses that are incurred out-of-pocket must not be paid for using the FSA debit card.

Should the member neglect to submit the requested documentation and the plan year comes to a to an end (following the Grace Period's provision for documentation to be submitted by April 15), ASIFlex will provide notice to the State of Delaware that the claim was not substantiated within the plan year as required by IRS Regulations. The State of Delaware will inform the member that this unsubstantiated amount will be deducted from the member's pay until the total dollar amount is satisfied in accordance with IRS Regulations.

Additionally, if a member does not provide requested documentation and leaves State of Delaware employment or retires, a modified W-2 will be provided to the employee and these funds will be reported to the IRS as earnings for which taxes must be paid. See the following example for further explanation:

Example: Lori's daughter Carrie goes to the dentist to receive a crown. Lori uses her debit card for the \$750 expense. Lori terminates employment the following week. ASIFlex sends Lori three notices requesting follow up documentation, and receives no response. At the end of the plan year (following the grace period provision to April 15) ASIFlex will notify the State of Delaware of the overpayment. The State of Delaware will then issue an amended W-2, to the member and to the IRS, that will report the \$750 overpayment as taxable income.

Concerns and questions regarding this process should be directed to ASIFlex at 1-800-659-3035.